

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6919

BILL NUMBER: SB 352

DATE PREPARED: Jan 2, 2002

BILL AMENDED:

SUBJECT: Veteran's Property Tax Deduction.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows certain property tax deductions available to a veteran or surviving spouse of a veteran to be applied to property that is owned by a trust or other entity if (1) the veteran or surviving spouse has a beneficial interest in the trust or other entity; and (2) the property is used by the veteran or surviving spouse as a principal residence. The bill allows a veteran or surviving spouse of a veteran to obtain a veteran's credit against auto excise tax if a trust or other entity owns or is purchasing under contract the individual's residence.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: The State levies a one cent tax rate for State Fair and State Forestry Funds on the assessed valuation of all taxable property in Indiana. Any additional deductions from assessed valuation would decrease the revenue derived from property tax for these two funds. This decrease should be minimal.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill provides that real property held in a trust would have the following deductions applied if the individual that establishes and transfers property into the trust is otherwise qualified to receive the deductions:

(1) Disabled Veteran (10% Service Connected):	\$12,000 AV
(2) Disabled Veteran (100%) or (10% + Age 62 or over):	\$6,000 AV
(3) World War I Veteran:	\$9,000 AV

This provision would cause some increase in the total dollar amount of property tax deductions. The actual amount of the additional deductions would not be known until applications are made and accepted. It is likely that these figures would be minimal.

Any additional deductions would reduce the property tax base. This would cause a slight shift in the property tax burden from those taxpayers (trusts) receiving the deductions to all taxpayers in the form of an increased tax rate.

The actual fiscal impact would depend upon the number of trusts that ultimately receive these deductions.

State Agencies Affected: State Board of Local Government Finance; State Fair Board; Department of Natural Resources.

Local Agencies Affected: County Auditors.

Information Sources: